

**STATEMENT OF
COMMISSIONER JONATHAN S. ADELSTEIN**

Re: Service Rules for Advanced Wireless Services in the 1.7 GHz and 2.1 GHz Bands, Order on Reconsideration (WT Docket No. 02-353), FCC 05-149

I have repeatedly said the FCC needs to improve access to spectrum by those providers who want to offer service to traditionally under-served areas. That is why I pressed for the inclusion of both Economic Area (EA) as well as Cellular Market Area (CMA) licenses in the Advanced Wireless Services (AWS) Report and Order adopted last year.

I am very pleased that my initial push for EA licenses has been so well received by a number of carriers and manufacturers. Since our original decision, diverse interests have come together to actively support an even better balance between smaller and larger license areas through a variety of changes to the AWS band plan, many of which we adopt today.

All of this interest has resulted in a full and complete record that eminently supports our decision-making process. As a result, we have unanimous agreement at the Commission to make changes to our band plan that specifically respond to suggestions made by a number of different groups within the wireless industry. In particular, we are making additional spectrum available on both an EA and CMA basis.

I certainly recognize that there is value in offering larger service areas for economies of scale and to facilitate larger scale deployments, and our Order accommodates this need. But the public interest demands that we find a balance in developing a band plan, and we have done so today, particularly in light of recent consolidation among some of the largest wireless carriers since we first considered the issue. Also, in modifying our band plan, we move another step closer to seeing a more diverse group of providers offer a new generation of wireless services in this country.

I also am very pleased that in this item we commit to launching a separate proceeding to explore the narrow issue of limiting the ability of designated entities (DEs) who have a relationship with the largest wireless carriers from having access to bidding credits in this and future auctions. The stakes are simply too high to not allow a further question on whether or not we should allow this potential loophole to apply in the upcoming AWS auction. Considering this issue is particularly important given the dramatic scope of consolidation in the wireless industry in just the last 12 months and the ever-increasing market share of the largest carriers (up to 90% by some estimates).

Of course, we do not want to see the AWS auction unnecessarily delayed. But there is at least ten months until then, and if we all agree to move fast, we surely can resolve this matter in time. Indeed, there are a number of variables, both within and outside the Commission's control that may independently affect the timing of the auction, such as the submission of NTIA relocation costs. There also are MDS relocation issues that have not yet been resolved. So we have an open window, but we have to act quickly. And I thank the Chairman for agreeing to move forward on this important issue. Immediate action truly is important to ensure that there is as little uncertainty as possible as interested parties prepare for this landmark auction.

I look forward to seeing the record in this proceeding because, at this time, it is unclear to me why the Commission allows large wireless companies to partner with DEs. This is even more important in the AWS auction where auction proceeds must be sufficient to cover government relocation costs. Also, the AWS auction should raise \$15 billion dollars by some estimates for the federal Government at a time our budget is under ever increasing pressure. Do we want the nation's largest wireless carriers partnering with DEs to get a 25% discount so that auction revenues to the U.S. treasury could potentially be reduced by well over a billion dollars? How is the public interest served in that outcome?

At a time of wholesale consolidation in the industry, it seems unwise to allow wireless giants to access a discount by being allowed to partner with a supposedly small business. Allowing access to discounts by the country's largest wireless businesses, at the expense of taxpayers, seems completely at odds with a program whose purpose is to help small telecommunications businesses get a foothold so that they can compete on a more level playing field with more established companies.

I look forward to working with my colleagues and the Bureau to making sure this auction is as successful as it can possibly be.